

Citizens Advice Scotland

Scottish Association of Citizens Advice Bureaux
www.cas.org.uk



Supporting customers who need extra help

Response from Citizens Advice Scotland

May 2013

- Citizens Advice Scotland and its member bureaux form Scotland's largest independent advice network. CAB advice services are delivered using service points throughout Scotland, from the islands to city centres.
- Citizens advice bureaux in Scotland helped clients with over 500,000 new issues in 2011/12 – more than 1,400 new issues for every day of the year. Nearly 200,000 clients brought new issues to a bureau over the year.
- In 2011/12, Scottish bureaux achieved a financial gain of almost £140million for clients based on funding of £16.9million.

Introduction

Citizens Advice Scotland (CAS) welcomes the opportunity to respond to this consultation. In it we focus on our clients' experience with tax credits.

In 2012-13 clients brought nearly 26,000 issues relating to tax credits to citizens advice bureaux (CAB) in Scotland. Over a quarter (27%) of these were repeat issues, where the client returns with further issues concerning the same tax credit.

Many citizens advice bureau clients across Scotland have difficulties resolving issues with tax credits. The HMRC's recognition of the challenges faced by customers who need extra help is strongly to be welcomed, as is the evidence-based approach that the HMRC has taken to this work. Overall, the direction of travel set out in the document looks very positive, and we hope it will lead to an improvement in the services that CAB clients see. However, there are also fundamental issues with the administration of tax credits which cause significant problems for bureaux and their clients and which need to be addressed urgently.

Groups covered in the consultation

The list of particular groups who may be classed as potentially needing extra help is reasonably comprehensive. It may be useful to list people who have learning disabilities or autism as a specific group.

It is particularly helpful to include within the remit of this work people who need extra help as a result of a mistake by the HMRC. Some of the issues that CAB clients face are not simply to do with mistakes, but with procedural issues which appear from our perspective to be systemic. We address this in more detail below.

Communication and engagement with CAB

We note that the consultation document states that the HMRC are in discussions with Citizens Advice in relation to these proposals. Citizens Advice Scotland has not had any discussions with the HMRC about these proposals as yet, although we have a meeting scheduled in the next few weeks. We assume that the reference to Citizens Advice refers to Citizens Advice England and Wales, and not the Citizens Advice service in Scotland (which is a separate organisation). Scotland has some particular issues that need to be addressed, such as the extreme rurality of certain parts of the country, and increased levels of self-employment in some of the islands. CAS would be happy to discuss these issues further with the HMRC.

We note the description of how voluntary and community sector organisations will interact with the new system in paragraph 3.10 etc. This will require clear and timeous communication with relevant organisations about the changes, the timescales and how it will affect the ways advice organisations interact with clients and the HMRC. CAS would be happy to facilitate this conversation and communication for bureaux across Scotland.

It would also be helpful to consider the role of specialist adviser and escalation lines within the proposed system. Citizens advice bureaux will generally be able to identify when an issue is unusually complex, and cannot be dealt with by a generalist HMRC adviser. Feedback from bureaux suggests that, while in the past staff on the intermediaries' direct line (0845 300 3946) were very knowledgeable and helpful, recently they seem to be less knowledgeable about tax credits and overpayments.

Our experience is that clients value a face-to-face approach, so offering face-to-face appointments in suitable locations, including the customer's home, is welcome. Particular attention needs to be given to how the approach set out in paragraph 3.14 would work in areas of the country with extremely sparse populations, such as parts of highland Scotland. It may be that these services will be much more in demand in these parts of the country, for example because of poor public transport networks, and this needs to be factored into the design of the system. CAS would welcome further details of how this would work, and would be happy to work with the HMRC as these proposals are developed.

Training of HMRC advisers will be key to the success of the proposals. It is possible that in reaching out to individuals, advisers may come across issues beyond the HMRC's remit, particularly where the customer is very isolated. These issues could relate to benefits, debt or money advice difficulties. Advisers will need training to know when and where to signpost such issues, and will need to establish links with advice providers in the locality, including CAB, to discuss capacity and the range of support they can offer.

Verifying customer information

The consultation mentions improving the identity verification system (paragraph 4.4). Bureaux and clients have recently been experiencing difficulties as a result of changes to the identity verification system for DWP benefits. This is causing distress for clients and wastes bureau time and resources. We would urge the HMRC, alongside the DWP, to look at how the identify verification process can balance security with usability.

Bureaux have seen a number of cases where HMRC are questioning whether a claimant is living by themselves or with a partner. If HMRC officers are visiting people in their homes, it must be clear to both the officer and the claimant that the officer's role is support and not investigation of any concerns the HMRC may have about the claimant's circumstances. If the officers are not perceived as impartial, then this method will not work as a means of support for more vulnerable claimants.

March 2013: A West of Scotland CAB reports of a client who came to the bureau as her Working and Child tax credit has been suspended because HMRC have reason to believe her husband is living at her address. She advised this was because he still had his car and a credit card registered at her address. She has provided evidence the HMRC has requested including bank statements, the tenancy agreement and council tax documentation in her name alone. Her husband has changed his car insurance details and registration documents and has had the credit card changed. The client feels she has provided the evidence that HMRC requested but they will not accept this. The CAB helped her submit an appeal highlighting that the client has provided the necessary evidence.

Phone costs

The move to cheaper phone numbers is helpful and will be important for many clients that bureaux see. Increasingly people are coming to bureaux to resolve issues because they cannot afford to make the phone call themselves, especially where those calls involve long periods of time on hold.

Addressing administrative and procedural issues

Many of the issues that come into bureaux are the result of poor administration. We would strongly recommend that the HMRC examines how it can improve the administration of tax credit processes, for example ensuring that phone calls are answered promptly, phone numbers provided in letters are correct and working, notification of changes of circumstances are dealt with promptly and HMRC advisers have access to all of a client's information rather than just the notes on the screen.

April 2013: A West of Scotland CAB reports of a client who came to the bureau with a letter from HMRC stating that her Child Tax Credit had stopped and she doesn't know why. The client has tried telephoning the number on this letter, 03000572722, and it says it is for messages but you cannot leave a message. When the client telephoned the main HMRC number she was told that she has to keep trying the other number as that is who will be dealing with her case. The adviser called the number and was also unable to leave a message. They called a different number and eventually found out that the reason the tax credit had stopped was because HMRC say they sent the client a form and she did not return it. The client says she has not received any forms from them.

March 2013: A West of Scotland CAB reports of a case where the client is trying to appeal a decision about tax credits. HMRC informed the CAB adviser by letter that there was no evidence of the previous appeal letter sent in by the adviser in October 2012. This is despite a reference to it in a letter from HMRC in January 2013.

March 2013: An East of Scotland CAB reports that a client came in regarding a working tax credit appeal. He received a letter from HMRC on February 2013 saying that he needed to send evidence to support his appeal. The client had already sent the information twice before and could not understand why he had to send information for a third time. He also did not know why they had been rejected in the first place. The client also said some of the details in the letter were wrong. The letter from HMRC had no contact phone number on it and on talking to the HMRC it appeared that the name of the person who signed it did not exist. The adviser comments "This makes it impossible for clients to contact anyone regards their appeal/claim and as a result is keeping clients in the dark and in financial hardship. On phoning working tax credits 08453003946 I was told by the adviser that he is getting two to three calls a day regards lack of/wrong information from HMRC in letters to clients."

February 2013: An East of Scotland CAB reports a client came to deal with an ongoing issue of overpayments of tax credits. She notified HMRC by phone in December 2010 that she was no longer working. She made a claim for Employment and Support Allowance which was not awarded because they said she was in receipt of Working Tax Credit. HMRC were again contacted from the Jobcentre to stop WTC. In February 2011 the client contacted HMRC to stop her child tax credit because her daughter was now 18 and so they no longer qualified. In August 2011 a further call was made in the presence of a local council official. At this point the two tax credit payments were finally stopped. The HMRC has now contacted the client to reclaim the overpayment of several thousand pounds.

Inflexible procedures

The lack of flexibility in HMRC procedures can put additional pressures on claimants who may already be vulnerable. In the following cases action by the HMRC has left tax credit claimants in extremely difficult financial circumstances and distress. The fact that there is no independent means of recourse to addressing these issues creates a further barrier to getting the right outcome for clients.

March 2013: A North of Scotland CAB reports of a client who has had her child tax credit stopped in October 2012. HMRC has stated that they had not been made aware of a change in circumstances. The client had in fact telephoned the department and notified them that her claim was now for a single parent, not joint as previously. HMRC had acknowledged the mistake was theirs, but despite this would only repay an amount for 31 days. This client also had some serious problems with the administration of her disability benefits, leading to a significant loss of income.

February 2013: An East of Scotland CAB reports of a client who owes nearly £14,000 in overpayment of WTC and CTC to HMRC. This occurred because for nearly a two year period her husband was suffering from severe depression and was not living at the client's address. His mail, however, was still being sent to the client's address and he was still visiting to see his child. She cannot prove he wasn't living there so HMRC insist she must repay the Tax Credit. She has been repaying at £50 monthly after HMRC agreed to a debt repayment plan till 2035. The client set this up by Direct Debit and has not missed a single payment. Yesterday the client received notice from HMRC to repay the full amount immediately or a Summary Warrant would be issued. The client rang to remind them about agreement but was told the best they could now offer was £1,500 monthly for 12 months. Client has no way of paying this. She works part-time, has 3 children. Her husband is back staying with her and between them they earn about £27,000 annually. The client is very distressed.

January 2013: A West of Scotland CAB reports of a client whose partner recently moved in with her and her two year old daughter. They made a joint claim for JSA. which will not be paid until next Tuesday. In the meantime the client's child tax credit claim has been closed and a new claim form has been sent and will take two weeks to arrive. The new child tax credit claim could take up to eight weeks to process and the client was told it could not be fast-tracked. The client has only child benefit to live on until next week to feed the family. The client was looking for help to survive until next week. Eventually the bureau referred her to social services. The adviser comments "The processing time for CTCs seems incredibly long - up to ten weeks!, especially if families are relying on this extra money."

Administration of overpayments

A specific issue where we have seen a number of cases is where there has been an overpayment which the claimant has repaid, yet subsequent tax credit award notices are not updated to reflect this. This causes confusion and distress for clients and wastes valuable time for bureau advisers. It needs to be addressed urgently.

April 2013: A West of Scotland CAB reports that a client came to the bureau in September 2012, having been informed that there had been a tax credit overpayment for 2009/10. The CAB adviser called HMRC and established that childcare for a period in that year had not been included. The adviser wrote requesting a revision. By January 2013 no revision had been received. The adviser wrote to HMRC Disputed Payments. Two days later they called back advising that the 2009/10 award had been "incorrectly ended from our point". A letter from HMRC in February advised the award would be revised. This award notice was received in April, but award notices for subsequent years have not been amended. When the adviser contacted HMRC, they said they did not understand why the (now cleared) overpayment needed to be removed from the award notices. Eventually however the CAB adviser's request for the award notices to be reissued was accepted. But when the award letters were received they were dated November 2012 and still showed an outstanding overpayment. It has taken nine months to get to this stage, still with no resolution. The CAB adviser said she would like to complain over the phone, and was told this was not possible, contrary to information on the HMRC website.

April 2013: A West of Scotland CAB reports that in April 2012 the client's award for 2009/10 was amended so that an overpayment of tens of thousands of pounds was cleared. Despite numerous phone calls over the following months, subsequent years' awards have still not been updated. The adviser sent a complaint letter about this in October 2012. In April 2013, a duplicate award notice for 2009/10 and 2010/11 was sent out, still including the overpayment. A second complaint letter has now been sent to HMRC.

In our experience, it is the implementation of the system as much, if not more, than its design, where problems arise. Addressing these administrative and procedural issues, which bureaux see again and again, is fundamental to supporting customers who need extra help, and these issues need to be looked at urgently.

As the new proposals are implemented, we recommend that clear feedback loops are built in so that both HMRC advisers and external advice providers are able to feed back when the system is not working effectively.

Summary of recommendations

- People with learning disabilities and autism should be included within the definition of groups who may need extra help.
- HMRC should meet with CAS to discuss the implementation of these proposals in Scotland and how the Scottish CAB service will be involved in this work.
- Consideration needs to be given to:
 - How these proposals will operate in very rural areas
 - The role of intermediary lines in the future and any issues that may be affecting the quality of these currently
 - How outreach advisers will work with local services to identify and support customers with wider needs
 - How these advisers will maintain impartiality and establish trust with customers
- HMRC must urgently examine how it can improve tax credit processes and procedures to reduce pressures on advice services and reduce distress and hardship for customers
- Specifically, HMRC should investigate why overpayments which have been paid continue to show up on subsequent award claims
- HMRC should examine how feedback loops can be established to identify and address administrative and procedural problems quickly and effectively.

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